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LEGISLATIVE LIBRARY

2007-2008 Annual Report

Law Foundation of Nova Scotia

LFNS

REPORT FROM THE CHAIR

Law Foundation grants reached a new high for the fiscal year ended March 31, 2008, thanks to more than $4,000,000 in revenue from interest on lawyers' trust accounts.

The Board approved 49 grants totaling $3.1 million – the highest level of grant making in the Foundation's history and an increase of 41% over last year. This was due primarily to increased trust account revenue resulting from the prime rate of interest, which averaged 6% from April 2007 until March 2008.

Approximately 62% of the grants awarded between April 1, 2007 and March 31, 2008 will support ongoing programs that offer information, education and assistance to Nova Scotians who need help with everyday legal issues or with navigating the justice system. For example, the **Antigonish Women's Resource Centre** works with women and the community to address legal issues related to poverty and violence. The **King's County Seniors' Safety Program** provides safety and security information to seniors and helps with access to legal information and law enforcement officials. The **Pro Bono Students Association** provides invaluable legal assistance to non-profit organizations – last year alone, the Pro Bono Students contributed over 10,000 hours of service to the community.

Programs that offer legal assistance to people living with disabilities address more specific needs within the legal system, as do those that concentrate on youth crime in the province. It was exciting to learn that two programs aimed at youth, which started as pilot projects with Law Foundation grants, were recently chosen by the provincial government to receive funding under the province's new crime prevention strategy.

Law Foundation funding also promotes excellence within the profession. For the past four years, the **Law Reform Commission** has worked with the Judges of the Supreme Court on a project to revise the Civil Procedure Rules. The **Nova Scotia Barristers' Society** is currently offering Desktop: Enhancing Access to Free Online Resources – one-on-one training in lawyers' offices to teach them how to use free online resources. **Dalhousie Law School** competes with other law schools across the country for the best first-year students, thanks to generous Law Foundation Scholarships.

We are pleased to announce funding for some new programs, including the **East Coast Environmental Law Association** [ECELA] and the **Tri-County Community Justice Society**. ECELA will provide legal information to individuals and organizations to ensure environmental laws are well understood and effectively used. ECELA will also conduct research and offer advice on how to improve environmental laws that affect this region. The Tri-County Community Justice Society is developing an innovative project in Yarmouth County involving a school-based disciplinary program using restorative justice methods and principles. We are also pleased that this year's revenue allowed a few small grants for one-time only infrastructure items such as new computers and furniture.

Research and reform of the law is the focus of three new projects that have received funding for next year. The **Women's Innovative Justice Initiative** will be studying specialized integrated courts to address domestic and sexual violence. **Family Mediation Nova Scotia** will design a pilot project to provide for child protection mediation in the province. **Professors Chris Kaposy and Jocelyn Downie** will analyze judicial reasoning in relation to reproductive choices.

In 2006–2007, the Board approved approximately $600,000 in special grants for small projects to

be completed in 2007 – 2008. Several of the Foundation's ongoing grantees were able to carry out innovative projects as a result of this special funding.

In 2007 – 2008, the Board announced another major funding initiative – this time the focus was larger institutional grantees. A rigorous application and evaluation process resulted in the approval of five new grants:

•**Dalhousie Law School** – A grant of $150,000 to start a fundraising campaign for an endowment to support the Dalhousie Legal Aid Clinic.

•**Dalhousie Law School** – A grant of $220,000 to assist with the renovation of two large class rooms on the second floor of the Weldon Law Building.

•**Nova Scotia Barristers' Society** – A grant of $100,000 for six initiatives to improve legal online services in the province.

•**Nova Scotia Community College** – A grant of $250,000 for awards to paralegal students (including endowed awards), updates to legal collections in campus libraries, and student field trips to law libraries.

•**Pro Bono Students Society** – A grant of $84,290 to study existing pro bono services in Nova Scotia and the feasibility of expanding or building upon them.

We are excited about the potential benefits resulting from the new initiatives approved this year while remaining confident that established legal education and assistance programs will continue to address diverse needs across the province.

I would like to extend my thanks and appreciation to the members of the board and staff for their ongoing contributions and to welcome new members Josh Arnold, Estelle Theriault and Anna Paton. I especially want to thank Vice-Chair Jonathan Davies, who retired from the Board in February 2008, for his invaluable service since 2000.

Respectfully submitted,

Christine A. McCulloch, Q.C.
Chair

OVERVIEW OF THE FOUNDATION

The Law Foundation of Nova Scotia was established in 1976 by amendment to the Barristers' and Solicitors' Act (now The Legal Profession Act). Its central purpose is to receive and distribute interest earned on lawyers' pooled trust accounts in accordance with its mandate.

Mandate

The objects of the Law Foundation are "to establish and maintain a fund to be used for the examination, research, revision and reform of and public access to the law, legal education, the administration of justice in the Province and other purposes incidental or conducive to or consequential upon the attainment of any such objects."

Administration

The Foundation is administered by a Board consisting of up to nine members. Up to five members are appointed by the Governor in Council and four by the Nova Scotia Barristers' Society. The members of the Board in 2007 – 2008 were:

Appointed by the Governor in Council:

Jonathan F.L. Davies, Q.C.
(retired February 2008)
Christine A. McCulloch, Q.C.
(term expires February 2010)

Josh Arnold
(term expires December 2008)
M. Estelle Theriault, Q.C.
(term expires May 2009)
Anna Paton
(term expires February 2010)

Appointed by the Nova Scotia Barristers' Society:

M. Gerard Tompkins, Q.C.
(term expires August 2009)
Robert G. MacKeigan, Q.C.
(term expires August 2009)

Margaret M. MacKenzie
(term expires August 2008)
A. Robert Sampson, Q.C.
(term expires August 2008)

Chair, appointed from the members of the Board by the Governor in Council upon the joint recommendation of the Attorney General and the Nova Scotia Barristers' Society:

Christine A. McCulloch, Q.C.
(Appointment as Chair expires February 2010)

The Board meets four times per year, and reviews grant applications at its February meeting.
The Foundation employs two part-time staff members:

Kerry Oliver, *Executive Director*
Kathy Samson, *Executive Assistant*

Revenue

The Law Foundation's ability to make grants depends on revenue generated primarily from interest on lawyers' pooled trust accounts. The Foundation keeps these funds invested until distribution. Trust account revenue fluctuates with the balances in the trust accounts and the prime rate of interest.

The prime rate remained stable at 6% from May 2006 until July 2007, when it rose to 6.25%. The rate dropped to 6% in December 2007 and then to 5.25% in March 2008. Since the rate remained high for most of the past fiscal year, revenue earned from interest on lawyers' trust accounts increased from $3,465,997 in 2006-2007 to $4,057,739 in 2007 - 2008. With the prime rate on the decline, the Foundation is predicting a significant drop in revenue in 2008 – 2009.

Reserve Fund

Fluctuations in the Foundation's income are reflected in the amount of money paid out in grants. A severe decline in the prime rate could force the Board to reduce or terminate grants. Because of these fluctuations, the Foundation established a reserve fund in 1986 to be used to maintain regular grants in periods of low interest rates when current income is insufficient to fund these grants.

At the beginning of this fiscal year, the reserve fund had a total cost of $3,537,957 and a market value of $4,117,591. As of March 31, 2008, it had a total cost and market value of $4,575,917 and $4,742,438. There was a deficiency of revenue over expenditures totaling $124,303. The main reason for this deficiency was the unrealized loss on investments of $413,112, due to the volatility in the U.S. market. Without this unrealized loss, there would have been an excess of revenue over expenditures totaling $288,809.

Funding Guidelines & Application Procedures

The Board strives to be accountable in the distribution of funds received by the Foundation from interest accruing on lawyers' pooled trust accounts. The Board endeavours to be transparent and consistent in its evaluation of applications. It takes into consideration where programs will operate and who will benefit from them, as well as whether they fit within the Foundation's mandate. Accountability extends to the careful assessment and consistent monitoring of programs that receive funding.

Information concerning the Foundation's funding guidelines and grant application procedure may be obtained by contacting the Executive Director, or by visiting the Foundation's website at *www.nslawfd.ca*.

GRANTS

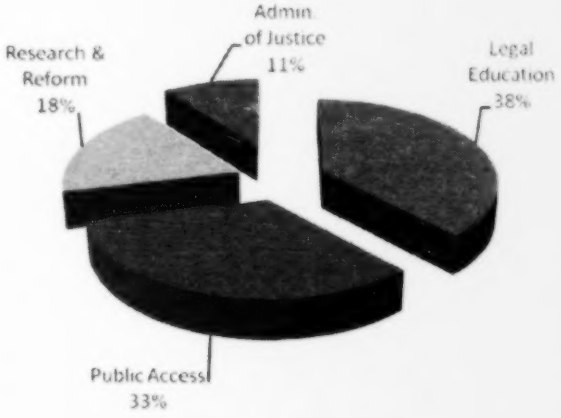
Since its creation in 1976, the Foundation has received approximately $33 million in revenue from interest on lawyers' trust accounts, and has awarded approximately $29 million in grants. More than $2 million has also been awarded in scholarships during the past 16 years. These grants and scholarships have promoted improvements in the law, excellence within the profession, and have helped more than 250 organizations make the law more understandable and accessible to the public.

Continuing Program Grants

The Foundation awarded $1,917,600 in continuing program grants in 2007-2008. Continuing Program Grants are categorized according to the Foundation's four mandated objectives. Activities of many of the funded organizations fall under more than one of the objectives.

Breakdown by Mandate

Research and Reform	354,896
Public Access to Law	633,869
Legal Education	729,259
Administration of Justice	199,576
Total	$1,917,600



Project Grants

Increased trust account revenue resulting from higher interest rates allowed the Foundation to award $378,174.70 in project grants. Projects are an effective way to utilize revenue that fluctuates with the prime rate of interest because they generally have a defined time-frame, allowing for short-term funding.

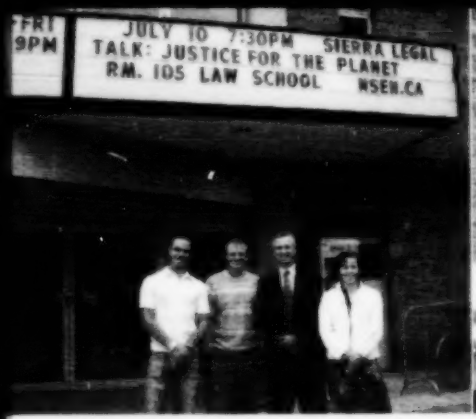
Special Initiative Grants

The Board also announced a major funding initiative in 2007. The Board engaged in a thoughtful process to decide on the goals of this initiative and to develop a plan for the best use of available funds. Successful applicants were required to show that their projects would produce significant long-term results and be self-sustaining, in addition to meeting the Foundation's mandate. The Board awarded grants totaling $804,290 as a result of this special initiative.

Law Foundation Scholarship Fund

The Foundation established a trust fund in 1981 with an initial grant of $200,000 to provide scholarships to students attending Dalhousie Law School. There have been several contributions by the Law Foundation to the fund over the years. The fund provides scholarships valued at $13,000 for students entering first year, renewable in second and third years. The fund also provides fellowships at the graduate level.

The 2007 – 2008 Law Foundation Scholarships included four entrance scholarships, and a total of seven second-year and third-year scholarships. There was no graduate fellowship awarded. Scholarship payouts for the year amounted to $143,000.



Dave Wright, Meinhard *Doelle*, Robert Wright, Tricia Barry, *2007 Environmental Toolkit Workshops*

Michelle Parker & Constable Les Kakonyi, *King's County Seniors' Safety Program*

Leave Out ViolencE – LOVE Youth Leaders

Continuing Program Grants Awarded In 2007-2008

Antigonish Women's Resource Centre
Justice Matters for Women 58,973.00

Avalon Sexual Assault Centre
Program Activities 2007/2008 22,605.50
Program Activities 2008/2009 118,632.00

Cape Breton Transition House
Preventive Education: Date Abuse & Spousal Assault 60,916.00

Christian Council for Reconciliation Prison Ministry
Program Activities 2008/2009 67,000.00

Community Justice Society (Halifax)
Legal & Crime Prevention Workshops 43,950.00

Confederacy of Mainland Mi'kmaq
Mi'kmaq Legal Support Network 50,000.00

Coverdale Courtwork Services
Program Activities 2008/2009 77,500.00
Infrastructure 5,800.00

Dalhousie Law School
Entrance Scholarships for Nova Scotia Applicants 50,000.00

Indigenous Blacks & Mi'kmaq Initiative 180,000.00

Dalhousie Legal Aid Service 164,588.00

East Coast Environmental Law Association
Program Activities 2008/2009 75,000.00

EPIC Society
Youth Peer Transformation 80,000.00

Elizabeth Fry Cape Breton
Program Activities 2008/2009 103,283.00

Elizabeth Fry Mainland
Program Activities 2008/2009 70,000.00

Halifax Refugee Clinic
Program Activities 2008/2009 103,777.00
Infrastructure 7,000.00

King's County Seniors' Safety Program
Program Activities 2008/2009 30,000.00
Infrastructure 10,000.00

Law Reform Commission
Program Activities 2008/2009 167,728.00

Leave Out ViolencE (LOVE)
Video Outreach Program 20,000.00

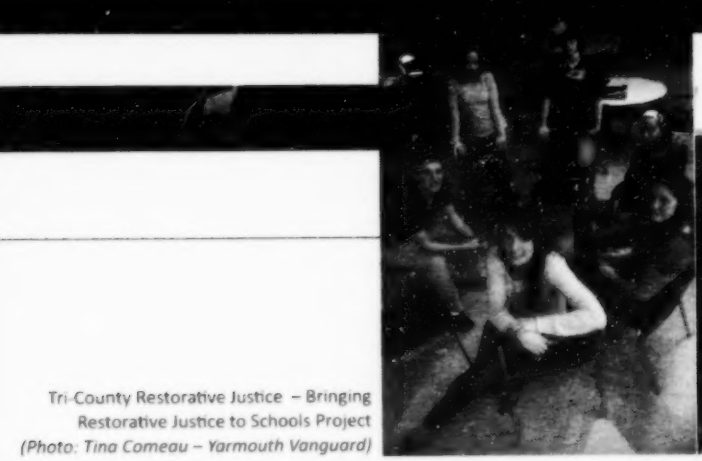
Legal Information Society of Nova Scotia
Program Activities 2008/2009 100,000.00

Mainline Needle Exchange
Community Based Legal Support and Education Program 51,974.00

Pro Bono Students Association	
Program Activities 2007/2008	2,500.00
Program Activities 2008/2009	20,699.55
reachAbility Nova Scotia Association	
Persons with Disabilities Legal Services	49,321.00
Society of Deaf & Hard of Hearing Nova Scotians	
Access Project - The Legal System	6,000.00
Stepping Stone Association	
Tipping the Scales	47,476.76
Tearmann Society for Battered Women & Pictou County Opportunities for Men (New Leaf)	
Public Education: Violence Against Women	28,548.00
Valley Restorative Justice	
Crime Prevention Educational Workshops	44,327.60
Total Continuing Programs:	**$1,917,599.41**

Project Grants Awarded In 2007 – 2008

Annapolis County Barristers' Library	
Upgrades	7,215.00
Canadian Citation Committee	
List of N.S. public entities for case naming	5,000.00
Canadian Institute for the Administration of Justice	
Conference – Dispute Resolution	15,000.00
Cape Breton Barristers' Library	
Upgrades	15,480.00
Cumberland County Barristers' Library	
Upgrades	5,249.70
Family Mediation Nova Scotia	
Child Protection Mediation Project	40,000.00
Kaposy/Downie	
Judicial Reasoning – Reproductive Choices	6,685.00
Lunenburg Barristers' Library	
Upgrades	5,000.00
Naomi Society	
Elder Abuse/Neglect Video distribution & education	39,955.00
Tri-County Community Justice Society	
Restorative Justice in Schools	66,340.00
University of King's College School of Journalism	
Endowment – "News Media & the Courts"	100,000.00
Women's Court of Canada Symposium	
Student subsidies to attend conference	3,000.00
Women's Innovative Justice Initiative	
Domestic & Sexual Violence Courts Project	69,250.00
Total Project Grants	**$378,174.70**



Tri-County Restorative Justice – Bringing Restorative Justice to Schools Project
(Photo: Tina Comeau – Yarmouth Vanguard)

Pro Bono Students at Dalhousie Law School – Sheliza Ladha, Georgina Vibert, Lana MacLellan

2007 – 2008 Continuing Program & Project Grants Not Disbursed

I B & M Initiative	
Balance of 2007 – 2008 grant	45,000.00
Saint Leonard's Society of Nova Scotia	
A Guide to Understanding Incarceration	
Balance of 2007 – 2008 grant	34.90

Special Initiative Grants Awarded In 2007 – 2008

Dalhousie Law School	
Endowment for Legal Aid & Clinical Education	150,000.00
Classroom infrastructure improvements	220,000.00
Nova Scotia Barristers' Society	
Legal Online Services Training	100,000.00
Nova Scotia Community College	
Library updates & endowment for scholarships & paralegal training	250,000.00
Pro Bono Students Association	
Organized Pro Bono Study	84,290.00
Total Special Initiative Grants	**$804,290.00**

TOTAL GRANTS AWARDED $3,100,064.11

LAW FOUNDATION OF NOVA SCOTIA

FINANCIAL STATEMENTS

FOR THE YEAR ENDED MARCH 31, 2008

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AUDITORS' REPORT

To The Board of the
Law Foundation of Nova Scotia

We have audited the statement of financial position of the Law Foundation of Nova Scotia as at March 31, 2008 and the statements of operations and changes in fund balances and cash flows for the year then ended. These financial statements are the responsibility of the Foundation's management. Our responsibility is to express an opinion on these financial statements based on our audit.

Except as explained in the following paragraph, we conducted our audit in accordance with Canadian generally accepted auditing standards. Those standards require that we plan and perform an audit to obtain reasonable assurance whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation.

The Law Foundation of Nova Scotia derives substantially all of its revenue from interest credited by financial institutions on Nova Scotia Barristers' Society members' mixed trust funds which is not susceptible to complete audit verification. Accordingly, our verification of revenue from this source was limited to accounting for the amounts received from financial institutions and recorded in the records of the Law Foundation of Nova Scotia.

In our opinion, except for the effect of the adjustments, if any, had interest credited by financial institutions been susceptible to complete audit verification, these financial statements present fairly, in all material respects, the financial position of the Foundation as at March 31, 2008 and the results of its operations, changes in fund balances and cash flows for the year then ended, in accordance with Canadian generally accepted accounting principles.

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CHARTERED ACCOUNTANTS

Bedford, Nova Scotia

May 5, 2008

DFK

LAW FOUNDATION OF NOVA SCOTIA

STATEMENT OF FINANCIAL POSITION

AS AT MARCH 31, 2008

	2008	2007
	$	$
ASSETS		
CURRENT ASSETS		
Cash	**1,086,319**	1,044,287
Accrued interest receivable - general	**20,322**	15,881
Accrued interest receivable - restricted	**24,247**	14,777
Due from Law Foundation of Nova Scotia Scholarship Fund	**29,372**	12,372
Prepaid expenses	**3,272**	2,926
	1,163,532	1,090,243
INVESTMENTS - GENERAL (note 3)	**1,983,609**	1,557,353
INVESTMENTS - RESTRICTED (note 4)	**4,742,438**	4,117,591
PROPERTY, PLANT AND EQUIPMENT (note 5)	**14,278**	4,456
	7,903,857	6,769,643
LIABILITIES		
CURRENT LIABILITIES		
Accounts payable and accrued liabilities	**7,909**	6,933
Designated grants payable (note 6)	**2,510,739**	2,166,086
	2,518,648	2,173,019
FUND BALANCES		
GENERAL FUND	**618,524**	464,256
RESTRICTED FUND	**4,766,685**	4,132,368
	5,385,209	4,596,624
	7,903,857	6,769,643

COMMITMENT (note 7)

APPROVED ON BEHALF OF THE BOARD

Governor

Governor

LAW FOUNDATION OF NOVA SCOTIA

STATEMENT OF OPERATIONS AND CHANGES IN GENERAL FUND

FOR THE YEAR ENDED MARCH 31, 2008

	2008	2007
	$	$
REVENUE		
Interest on trust accounts	4,057,739	3,465,997
Interest on investments	133,770	91,657
Realized loss on disposal of investments	(704)	(4,021)
Unrealized gain on investments	13,520	195
	4,204,325	3,553,828
GRANTS (note 6)	3,055,029	2,180,182
	1,149,296	1,373,646
EXPENDITURES		
Salaries and benefits	108,138	95,977
Accounting and audit	12,569	11,224
Rent and common area	12,959	13,147
Office	8,269	7,661
Telephone	2,692	2,386
Consulting	1,931	1,250
Travel and meetings - board	5,102	2,022
Travel - staff and chair	7,463	4,076
Bank charges	657	746
Brokers' and investment management fees	8,916	6,714
Miscellaneous	2,151	1,087
Amortization	2,850	1,633
Anniversary video	14,250	14,325
Director's insurance	1,461	-
	189,408	162,248
EXCESS OF REVENUE OVER EXPENIDTURES	959,888	1,211,398
GENERAL FUND- beginning of year	464,256	269,312
PRIOR PERIOD ADJUSTMENT (note 9)	(47,000)	-
CHANGE IN ACCOUNTING POLICY (note 10)	-	(1,534)
GENERAL FUND - beginning of year as restated	417,256	267,778
TRANSFER TO RESTRICTED FUND (note 11)	(758,620)	(1,014,920)
GENERAL FUND - end of year	618,524	464,256

LAW FOUNDATION OF NOVA SCOTIA

STATEMENT OF OPERATIONS AND CHANGES IN RESTRICTED FUND

FOR THE YEAR ENDED MARCH 31, 2008

	2008	2007
	$	$
REVENUE		
Interest on investments	**79,462**	48,459
Dividend income	**87,332**	43,645
Realized gain on disposal of investments	**175,601**	178,035
Unrealized (loss) gain on investments	**(413,112)**	80,259
	(70,717)	350,398
EXPENDITURES		
Brokers' and investment management fees	**49,850**	42,844
Foreign exchange (gain) loss	**3,736**	(519)
	53,586	42,325
EXCESS (DEFICIENCY) OF REVENUE OVER EXPENDITURES	**(124,303)**	308,073
RESTRICTED FUND - beginning of year	**4,132,368**	2,310,000
CHANGE IN ACCOUNTING POLICY (note 10)	**-**	499,375
RESTRICTED FUND - beginning of year as restated	**4,132,368**	2,809,375
TRANSFER FROM GENERAL FUND (note 11)	**758,620**	1,014,920
RESTRICTED FUND - end of year	**4,766,685**	4,132,368

LAW FOUNDATION OF NOVA SCOTIA

STATEMENT OF CASH FLOWS

FOR THE YEAR ENDED MARCH 31, 2008

	2008	2007
	$	$
CASH FLOWS FROM OPERATING ACTIVITIES		
Excess of revenue over expenditures	835,585	1,519,471
Items in earnings not involving cash		
Amortization	2,850	1,633
Approved grants	3,055,029	2,180,182
Payment of grants	(2,710,376)	(1,568,866)
Realized loss on disposal of investments - general	704	4,021
Realized gain on disposal of investments - restricted	(175,601)	(178,035)
Unrealized gain on investments - general	(13,520)	(195)
Unrealized loss (gain) on investments - restricted	413,112	(80,259)
Prior period adjustment	(47,000)	-
	1,360,783	1,877,952
Change in noncash working capital balances		
Accrued interest receivable - general	(4,441)	(5,804)
Accrued interest receivable - restricted	(9,470)	(10,638)
Due from Law Foundation of Nova Scotia Scholarship Fund	(17,000)	20,262
Prepaid expenses	(346)	(301)
Accounts payable and accrued liabilities	976	386
	1,330,502	1,881,857
CASH FLOWS USED IN INVESTING ACTIVITIES		
Investments - General		
Purchase of investments	(1,193,611)	(1,609,953)
Proceeds on disposal of investments	839,311	1,146,452
Investments - Restricted		
Purchase of investments	(1,735,954)	(1,987,924)
Proceeds on disposal of investments	940,326	994,819
Acquisition of property, plant and equipment	(12,672)	(2,288)
	(1,162,600)	(1,458,894)
CHANGE IN CASH AND EQUIVALENTS DURING THE YEAR	167,902	422,963
CASH AND EQUIVALENTS - beginning of year	1,296,361	873,398
CASH AND EQUIVALENTS - end of year (see note below)	1,464,263	1,296,361

NOTE

CASH AND EQUIVALENTS

Cash and equivalents is comprised of the following items at year end:

	2008	2007
	$	$
Cash	1,086,319	1,044,287
Cash - investments - general (note 3)	124,737	65,597
Cash - investments - restricted (note 4)	253,207	186,477
	1,464,263	1,296,361

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LAW FOUNDATION OF NOVA SCOTIA

NOTES TO FINANCIAL STATEMENTS

FOR THE YEAR ENDED MARCH 31, 2008

1. DESCRIPTION OF OPERATIONS

The Law Foundation was established in 1976 by a Nova Scotia statute and is exempt from income tax. Its purpose is to grant funds to groups for projects connected with the law.

2. SIGNIFICANT ACCOUNTING POLICIES

Investments - General
The Fund adopted the new provisions of the CICA Handbook related to financial instruments as disclosed in note 10. The investments in the general fund consist of fixed income funds. They have been designated to be classified as held for trading investments which are recorded at their quoted market price. Any adjustments recorded on these investments are recorded through the statement of operations for the general fund.

Investments - Restricted
The Fund adopted the new provisions of the CICA Handbook related to financial instruments as disclosed in note 10. The investments in the restricted fund, that have been restricted by the Foundation's Board, consist of fixed income funds and equities. They have been designated to be classified as held for trading investments which are recorded at their quoted market price. Any adjustments recorded on these investments are recorded through the statement of operations for the restricted fund.

Revenue Recognition
Interest on trust accounts is recorded on a cash basis when received. Interest on investments is recorded on the accrual basis. Dividend income is recorded on a cash basis when received.

Property, Plant and Equipment
Property, plant and equipment are stated at cost. Amortization is provided using the following annual rates and methods:

	Rate	Method
Office equipment	20%	Diminishing balance
Furniture and fixtures	20%	Diminishing balance
Computer hardware	3 years	Straight line
Computer software	3 years	Straight line

Fund Accounting
The Board has internally restricted funds to finance future operations of the Foundation. The net investment income earned on these assets is recorded in the restricted fund.

The general fund accounts for the Foundation's day-to-day activities which include the interest income on lawyers' trust accounts, the interest income on the investments, less grants approved and paid, and the administrative expenses relating to the running of the Foundation.

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LAW FOUNDATION OF NOVA SCOTIA

NOTES TO FINANCIAL STATEMENTS

FOR THE YEAR ENDED MARCH 31, 2008

3. INVESTMENTS - GENERAL

At March 31, 2008, the Foundation's investments held in the general fund are comprised of the following:

	2008	2007
	$	$
Fixed income funds (cost -$1,846,691; 2007 - $1,493,095)	1,858,872	1,491,756
Cash	124,737	65,597
	1,983,609	1,557,353

At March 31, 2008, the Foundation's fixed income investments held in the general fund are comprised of the following:

	2008
	$
Government of Canada- due September 1, 2008 with yield to maturity of 4.25% and face value of $191,000	192,389
Province of Manitoba - due March 2, 2009 with yield to maturity of 5.25% and face value of $183,000	186,960
Province of Ontario - due November 19, 2010 with yield to maturity of 6.10% and face value of $173,000	185,306
RBC Capital Trust II - call and due June 30, 2011 with yield to maturity of 7.18% and a face value of $76,000	80,938
Province of British Columbia - due January 9, 2012 with yield to maturity of 5.75% and face value of $180,000	194,600
Hydro One Inc Medium Term Note - due November 15, 2012 with yield to maturity of 5.77% and a face value of $82,000	88,275
Government of Canada - due June 1, 2013 with yield to maturity of 5.25% and face value of $81,000	89,642

3. **INVESTMENTS - GENERAL** (continued)

	2008
	$
Scotiabank Capital Trust - due June 30, 2013 with yield to maturity of 6.28% and a face value of $84,000	87,521
Province of Ontario - due March 8, 2014 with yield to maturity of 5.00% and a face value of $219,000	234,001
Thomson Corporation - due December 1, 2014 with yield to maturity of 5.20% and a face value of $63,000	63,811
GE Capital Canada Funding - due February 11, 2015 with yield to maturity of 4.65% and a face value of $82,000	80,443
Wells Fargo Financial Canada Corp - due June 30, 2015 with yield to maturity of 4.38% and face value of $65,000	62,762
Province of Ontario - due March 8, 2016 with yield to maturity of 4.40% and a face value of $61,000	63,018
Province of Quebec - due December 1, 2016 with yield to maturity of 4.50% and a face value of $79,000	81,139
Province of Quebec - due December 1, 2017 with yield to maturity of 4.50% and a face value of $89,000	90,677
BMO Capital Trust - call June 30, 2010, due December 31, 2049 with yield to maturity of 6.90% and face value of $74,000	77,390
	1,858,872

LAW FOUNDATION OF NOVA SCOTIA

NOTES TO FINANCIAL STATEMENTS

FOR THE YEAR ENDED MARCH 31, 2008

4. INVESTMENTS - RESTRICTED

The Foundation has internally restricted funds totaling $4,766,685 (2007 - $4,132,368) for the purpose of covering continuing commitments should the Foundation not have sufficient resources to maintain its future grants. This amount includes accrued interest receivable of $24,247 (2007 - $14,777).

	2008	2007
	$	$
Equities (cost - $2,181,565; 2007 - $1,988,160)	**2,334,273**	2,562,267
Fixed income funds (cost - $2,141,145; 2007 - $1,363,320)	**2,154,958**	1,368,847
Cash	**253,207**	186,477
	4,742,438	4,117,591

At March 31, 2008, the Foundation's fixed income investments held in the restricted fund are comprised of the following:

	2008
	$
Government of Canada - due September 1, 2008 with yield to maturity of 4.25% and face value of $196,000	**197,426**
Province of Manitoba - due March 2, 2009 with yield to maturity of 5.25% and face value of $189,000	**193,090**
Province of Ontario - due November 19, 2010 with yield to maturity of 6.10% and face value of $181,000	**193,875**
RBC Capital Trust II - call and due June 30, 2011 with yield to maturity of 7.18% and face value of $101,000	**107,562**
Province of British Columbia - due January 9, 2012 with yield to maturity of 5.75% and face value of $187,000	**202,168**

4. **INVESTMENTS - RESTRICTED** (continued)

	2008
	$
Hydro One Inc. Medium Term Note - due November 15, 2012 with yield to maturity of 5.77% and face value of $105,000	113,035
Government of Canada - due June 1, 2013 with yield to maturity of 5.25% and face value of $105,000	116,202
Scotiabank Capital Trust - due June 30, 2013 with yield to maturity of 6.28% and face value of $107,000	111,484
Province of Ontario - due March 8, 2014 with yield to maturity of 5.00% and face value of $219,000	234,001
Thomson Corporation - due December 1, 2014 with yield to maturity of 5.20% and face value of $90,000	91,159
GE Capital Canada Funding - due February 11, 2015 with yield to maturity of 4.65% and face value of $105,000	103,005
Wells Fargo Financial Canada Corp - due June 30, 2015 with yield to maturity of 4.38% and face value of $90,000	86,902
Province of Ontario - due March 8, 2016 with yield to maturity of 4.40% and face value of $79,000	81,613
Province of Quebec - due December 1, 2016 with yield to maturity of 4.50% and face value of $103,000	105,789
Province of Quebec - due December 1, 2017 with yield to maturity of 4.50% and face value of $112,000	114,111
BMO Capital Trust - call June 30, 2010, due December 31, 2049 with yield to maturity of 6.90% and face value of $99,000	103,536
	2,154,958

LAW FOUNDATION OF NOVA SCOTIA

NOTES TO FINANCIAL STATEMENTS

FOR THE YEAR ENDED MARCH 31, 2008

5. PROPERTY, PLANT AND EQUIPMENT

	2008			2007
	Cost	Accumulated Amortization	Net	Net
	$	$	$	$
Office equipment	30,718	21,231	9,487	2,313
Furniture and fixtures	8,769	4,479	4,290	652
Computer hardware	11,228	10,727	501	1,491
Computer software	5,225	5,225	-	-
	55,940	41,662	14,278	4,456

6. DESIGNATED GRANTS

The Board approved grants totaling $3,100,064 (2007 - $2,215,834) less $45,035 (2007 - $35,652) of grants revoked relating to the previous year, for a net of $3,055,029, during the year ended March 31, 2008 (2007 - $2,180,182). Grants that have been approved but remain unpaid at year end are reported as current liabilities.

7. COMMITMENT

The Foundation rents its premises under a long-term lease which expires June 30, 2009. The annual base rental for this lease is $4,599 plus common area costs. The estimated total common area costs for the upcoming fiscal year are $8,792.

8. FAIR VALUES OF FINANCIAL INSTRUMENTS

The fair values of cash, accrued interest receivable, the balance due from the Law Foundation of Nova Scotia Scholarship Fund, accounts payable and accrued liabilites and designated grants payable are approximately equal to their carrying value due to their short-term maturity dates.

The fair value of investments is approximately equal to their quoted market value.

9. PRIOR PERIOD ADJUSTMENT

A grant for $47,000 was approved on February 9, 2001 for the fiscal year April 1, 2001 to March 31, 2002. This grant was paid out during the March 31, 2002 fiscal year and the payment was recorded in the financial statements. However, the approved grant was not recorded in the statement of operations. A prior period adjustment has been recorded to record the approved grant and to adjust the designated grants payable total.

10 CHANGE IN ACCOUNTING POLICY

The Foundation adopted the provisions of the CICA Handbook Sections 3855, Financial Instruments - Recognition and Measurement and 1530 Comprehensive Income on April 1, 2006 which addressed the classification, recognition and measurement of financial instruments and the inclusion of other comprehensive income. As a result of adopting these new standards, in the prior year the Foundation recorded a decrease to its investments and its beginning fund balance totaling $1,534 for the general fund and an increase to its investments and its beginning fund balance totaling $499,375 for the restricted fund. These adjustments were made to record the investments at their fair market value on April 1, 2006 and reflect the one-time cumulative effect of this change in accounting policy. Future adjustments due to unrealized gains and losses will be recorded through the statement of operations as they are incurred.

11. INTERFUND TRANSFERS

During the year, the Board approved transfers to the Reserve Fund totaling $758,620 from the General Fund.

LAW FOUNDATION OF NOVA SCOTIA

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